



REPORT BY THE EXECUTIVE MAYOR TO COUNCIL MEETING

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK BUDGET 2016/2017, 2017/2018 AND 2018/2019

1 EXECUTIVE SUMMARY

The purpose of the report is to seek Council approval on the Medium Term Revenue and Expenditure Budget Framework 2016/17, 2017/18 and 2018/19 financial year.

2 BUSINESS PLAN

None

3. COMPLIANCE WITH STRATEGIC OBJECTIVE

Good governance and Municipal financial viability

4. POLICY

TMDM Budget Policy

5. ANNEXURE

Draft MTREF Budget 2016/17, 2017/18 and 2018/19
National Treasury Circular 78, 79 and 82
TMDM Reviewed budget policies

6. DELEGATED AUTHORITY

Council

7. LEGAL REQUIREMENTS

Local Government: Municipal Finance Management Act No. 56 of 2003,
Local Government: Municipal System Amendment Act No. 32 of 2000,
Division of Revenue Act 2015

8. BACKGROUND

In terms of Section 16 of the Municipal Finance Management Act No. 56 of 2003 – S16(1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year. S16(2) In order for a municipality to comply with subsection (1), the Executive Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

The Draft MTREF Budget 2016/2017 was compiled and aligned to the draft Integrated Development Plan and the following National Treasury circulars were taken into account:

- Municipal Budget Circular for the 2016/17 MTREF - MFMA Circular No. 78
- Municipal Budget Circular for the 2016/17 MTREF - MFMA Circular No. 79
- Municipal Budget Circular: Cost containment measure - MFMA Circular No. 82
- Division of Revenue Bill (Gazette 38458),
- MFMA previous guidelines and circulars, and
- Municipal Budget and Reporting Regulation

9. FINANCIAL IMPLICATIONS

- Total operating revenue of R107,116,166 and
- Total operating expenditure of R107,116,166

10. STAFF IMPLICATIONS

None

11. RISK IMPLICATIONS

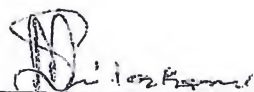
None

12. RECOMMENDATION

It is recommended

- i. The Council of Thabo Mofutsanyana District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approve the Draft MTREF Budget for the financial year 2016/2017,
 - a. The annual budget of the municipality for the financial year 2016/2017 and the multi-year and single-year capital appropriations as set out in the following tables:
 - Budgeted Financial Performance (revenue and expenditure by standard classification);
 - Budgeted Financial Performance (revenue and expenditure by municipal vote);

- Budgeted Financial Performance (revenue by source and expenditure by type); and
 - Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
- b. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
- Budgeted Financial Position;
 - Budgeted Cash Flows;
 - Cash backed reserves and accumulated surplus reconciliation;
 - Asset management; and
 - Basic service delivery measurement.
- c. Reviewed Budget related policies as outlined:
- Financial Management Policy;
 - Budget Related Policy;
 - Cash Management and Investment Policy;
 - Fixed Assets Management Policy;
 - Supply Chain Management Policy;
 - Supply Chain Management Code of Conduct, and
 - Subsistence and Travelling Policy.



Cllr. Malefu Vilakazi

Executive Mayor: Thabo Mofutsanyana District Municipality



**CONSOLIDATED MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK BUDGET
2016/2017, 2017/2018 AND 2018/2019**

DESCRIPTION	APPROVED MTREF BUDGET 2015/2016	PROPOSED DRAFT BUDGET 2016/17	PROPOSED DRAFT BUDGET 2017/18	PROPOSED DRAFT BUDGET 2018/19
EMPLOYEE RELATED COSTS				
ALLOWANCE - ACTING	-	-	-	-
ALLOWANCE - CELL PHONE	389 600	408 585	421 200	421 200
ALLOWANCE - HOUSING	184 963	241 464	241 464	241 464
ALLOWANCE - HOUSING - RENTAL	10 800	25 200	25 200	25 200
ALLOWANCE - NIGHT SHIFT	58 942	-	-	-
ALLOWANCE - SHIFT	40 246	-	-	-
ALLOWANCE - TRAVELLING	4 889 707	5 526 505	5 526 505	5 526 505
ANNUAL BONUS	2 129 351	2 620 955	2 812 076	3 006 109
BASIC SALARY	32 072 749	35 062 065	37 355 512	39 683 911
INCENTIVE/PERFORMANCE BONUS	540 832	629 571	629 571	629 571
LEAVE REDEMPTION	452 103	-	-	-
OVERTIME	237 786	-	-	-
SUB-TOTAL EMP COST WAGES/SALARIES	41 007 079	44 514 345	47 011 528	49 533 961
EMPLOYEE RELATED COSTS - SOCIAL CONTR				
LEVY SLGBC	9 204	9 563	9 569	9 569
MEDICAL AID FUND	3 345 468	3 211 279	3 444 037	3 681 061
PENSION FUND	3 073 754	5 248 713	5 626 621	6 014 858
UNEMPLOYMENT INSURANCE	191 244	191 445	191 567	193 917
SUB-TOTAL EMP COST - SOCIAL CONTR	6 619 671	8 661 001	9 271 794	9 899 406
TOTAL EMPLOYEE RELATED COST	47 626 750	53 175 346	56 283 322	59 433 366
REMUNERATION OF COUNCILLORS				
ALLOWANCES - COUNCILLORS	5 855 384	5 585 409	5 948 460	6 275 626
ALLOWANCE - CELLPHONE	464 892	440 424	469 052	494 849
ALLOWANCE - HOUSING	91 000	45 066	47 995	50 635
ALLOWANCES - TRAVELLING	2 128 352	2 202 903	2 346 091	2 475 126
MEDICAL AID FUND - COUCILLORS	252 929	219 448	233 712	246 566
PENSION FUND - COUNCILLORS	832 309	758 794	808 116	852 562
SUB-TOTAL REMUNERATION COUNCILLORS	9 624 866	9 252 044	9 853 426	10 395 365
TOTAL EMPLOY COST	57 251 615	62 427 390	66 136 748	69 828 731

DEPRECIATION				
OTHER ASSETS: COMPUTERS	13 284	13 948	14 646	15 598
OTHER ASSETS: FURNITURE AND FITTINGS	344 609	361 839	379 931	404 627
OTHER ASSETS: LEASED ASSETS	690 604	728 134	761 391	581 755
OTHER ASSETS: MOTOR VEHICLES	497 316	522 182	548 291	583 930
OTHER ASSETS: OFFICE EQUIPMENT	1 570 774	1 649 313	1 731 778	1 844 344
OTHER ASSETS: TANGIBLE				
SUB-TOTAL DEPRECIATION	3 116 587	3 272 416	3 436 037	3 430 254
REPAIRS & MAINTENANCE				
MAINT.: BUILDINGS	150 000	887 500	199 125	210 873
MAINT.: GENERAL	350 000	437 500	464 625	492 038
MAINT.: MOTOR VEHICLES	200 000	300 000	318 600	337 397
SUB-TOTAL REPAIRS & MAINTENANCE	700 000	1 625 000	982 350	1 040 309
CONTRACTED SERVICES				
CONSULTANCY FEES	750 000	400 000	424 800	449 863
CONTRACTED FINANCIAL SUPPORT	-	-	-	-
SUB-TOTAL CONTRACTED SERVICES	750 000	400 000	424 800	449 863

GENERAL EXPENSES				
ADVERTISING: GENERAL NOTICES	600 000	642 000	681 804	722 030
AFFILIATION GENERAL	25 500	30 000	31 860	33 740
ARRIVE ALLIVE CAMPAIGN	-	-	-	-
ARTS AND CULTURE DEV PROG	50 000	20 000	100 000	105 900
AUDIT FEES	2 000 000	2 400 000	2 548 800	2 699 179
AUDIT COMMITTEE:GENERAL	300 000	405 000	430 110	455 486
AWARENESS CAMPAIGN	120 000	102 000	108 324	114 715
BANK CHARGES	75 040	75 040	79 692	84 394
BURSARY FUND	2 000 000	1 500 000	1 500 000	2 000 000
CEREMONIAL & BUSINESS FUNCTION	100 000	-	-	-
CLOCKING SYSTEM	-	-	-	-
CONSUMABLES	70 000	87 500	92 925	98 408
COMMUNITY GARDENS	-	-	-	-
DISASTER RELIEF/INTERVENTION FUND	-	-	-	-
DISTRICT TOURISM EXPO	50 000	-	-	-
DISASTER RISK ASSESSMET	-	700 000	743 400	787 261
DISASTER MATERIALS	100 000	500 000	764 640	1 090 918
ENTERTAINMENT	205 473	-	-	-
EPWP INCENTIVE GRANT EXPENDITURE	5 125 552	1 120 000	-	-
EMPLOYEE WELLNESS PROGRAMME	-	-	-	500 000
ESTABLISHMENT OF A MINI CURIO STUDIO	-	-	250 000	264 750
FEMA SUPPORT PROGRAMME	922 000	1 250 000	1 250 000	1 505 000
FINALISATION OF CREDIBLE IDP	150 000	500 000	531 000	562 329
GENDER & DISABILITY	120 297	60 149	63 878	67 646
HERITAGE DAY CELEB	-	-	-	-
HIV ADIS	50 000	50 000	53 100	56 233
ICT & PROGRAMMING	2 895 958	4 091 338	4 345 001	4 601 356
IMPLEMENTATION OF FIRE BY-LAWS	-	-	-	-
INSURANCE GENERAL	200 000	300 000	318 600	337 397
CONSTRUCTION OF SERVER ROOM	-	-	-	-
LEGAL EXPENSES	2 018 700	1 500 000	2 000 000	2 000 000
MANDELA DAY	200 000	200 000	212 400	224 932
MARKETING AND PROMOTIONS GENERAL	300 000	350 000	371 700	393 630
MEMBERSHIP FEES SALGA	581 000	624 274	662 979	702 095
NEWSLETTERS	850 000	425 000	451 350	477 980
PEST CONTROL	-	80 000	84 960	89 973
PERFORMANCE MANAGEMENT SYSTEM (PMS)	277 243	-	-	-
PETROL AND FLEET COSTS	600 000	708 000	751 896	796 258
PORVERTY ALLEVIATION	1 500 000	1 000 000	1 062 000	1 124 658
MAYORAL IMBIZO	300 000	250 000	265 500	300 000
MORAL REGENERATION	100 000	-	-	100 000
MUNICIPAL SERVICES	-	-	-	-
POSTAGE	10 000	10 000	10 620	11 247
PRINTING OF ANNUAL REPORT	250 000	287 500	305 325	323 339
PRINTING & STATIONERY	260 000	351 000	372 762	394 755
RURAL ASSETS MANAGEMENT SYSTEM	2 225 000	2 307 000	2 422 000	2 563 000
PUBLIC PARTICIPATION	1 824 022	750 000	796 500	843 494
RECRUITMENT COSTS GENERAL	10 000	-	-	-
RENTAL EQUIPMENT	1 917 326	2 300 961	2 443 621	2 587 794
RENTAL: BUILDINGS / OFFICES	-	-	-	-
RENTAL: VEHICLES	2 200 000	1 450 000	1 539 900	1 630 754
RURAL AND AGRICULTURAL DEVELOPMENT	13 200	-	220 975	234 013
RURAL COMMUNITY SUPPORT	-	950 000	1 008 900	1 068 425
SAMPLING OF FOOD AND WATER	330 000	354 750	376 745	398 972
SCM ELECTRONIC SYSTEM	3 078 591	-	-	-
SITTING ALLOWANCE	155 000	173 600	184 363	195 241
SMALL ITEMS	5 000	-	-	-
SMME DEVELOPMENT	500 000	740 000	785 880	832 247
SKILLS DEVELOPMENT	477 643	624 274	662 979	702 095
SPORT DEVELOPMENT PROGRAM	650 000	390 000	414 180	438 617
SUBSCRIPTION	41 000	41 000	43 542	46 111
TELEPHONE GENERAL	950 000	902 500	958 455	1 015 004
TETA GRANT EXPENDITURE	747 250	-	-	-
TOURISM DEVELOPMENT	500 000	300 000	318 600	337 397

TOURISM SCHOOL AWARENESS PROGRAMME	100 000	-	-	-
TRAINING	300 000	500 000	531 000	562 329
TRAINING-WARD COMMITTEES	350 000	280 000	297 360	314 904
TRAVELLING	4 954 470	3 053 682	3 243 010	3 434 348
UNIFORMS AND PROTECTIVE CLOTHING	233 500	400 000	424 800	449 863
WARD PARTICIPATION SYSTEM	-	-	500 000	529 500
WOMEN'S DAY	35 860	-	-	100 000
WORKMANS COMPENSATION	2 773 921	500 000	531 000	562 329
WORKSHOP GENERAL	200 000	292 706	310 853	329 193
YOUTH DEVELOPMENT PROG	830 000	500 000	531 000	562 329
SETA LEARNERSHIP PROGRAMME	318 000	-	-	-
Review of Spatial Development Framework	-	350 000	371 700	393 630
Consultation (B2B, SPLUMA, Batho Pele)	-	200 000	212 400	224 932
SUB-TOTAL GENERAL EXPENSES	48 126 646	36 979 272	39 574 368	43 382 129

GRANTS AND SUBSIDIES PAID CAPITAL				
OXIDATION PONDS IN THABA PATCHOA - MANTSOPA	-	-	-	-
GRAVEL ROAD HASETHUNYANA - MAP	67 766	-	-	-
QOLAQWE - MAP	100 000	-	-	-
NKETOANA MUNICIPALITY	-	-	-	-
PAVED ROADS REITZ - NKETOANE MUNICIPALITY	111 165	-	-	-
OXIDATION PONDS MEMEL/ZAMANI - PHUMELELA	-	-	-	-
WASTE MANAGEMENT:PHUMELELA	-	-	-	-
SOLAR STREET LIGHTS - ALL AREAS	-	-	-	-
TSHIAME SPORTS FACILITY	-	-	-	-
UPGRADING BRICK BLOCK PAVING :LADYBRAND	1 075 946	-	-	-
UPGRADING BRICK BLOCK PAVING :LINDLEY	3 265 726	-	-	-
SUB-TOTAL GRANTS & SUBSIDIES CAPITAL	4 620 603	-	-	-
TOTAL DIRECT OPERATING EXPENDITURE				
	114 565 351	104 704 078	110 554 323	118 131 285
CAPITAL EXPENDITURE				
EQUIPMENT:DISASTER MANAGEMENT CENTRE	1 400 000	1 612 088	-	-
FURNITURE AND EQUIPMENT	162 000	800 000	-	78 118
COMPUTERS	-	-	-	-
ICT EQUIPMENT	-	-	-	-
VEHICLES	-	-	-	-
TOTAL CAPITAL	1 562 000	2 412 088	-	78 118
TOTAL DIRECT OPERATING EXPENDITURE				
	116 127 351	107 116 166	110 554 323	118 209 403

DIRECT OPERATING REVENUE				
INTEREST ON CURRENT ACCOUNT	(75 040)	(48 776)	(510 685)	(539 283)
INTEREST ON INVESTMENT	(1 869 960)	(1 215 474)	(1 272 601)	(1 343 867)
SUB-TOTAL INT EARNED EXT INVESTMENTS	(1 945 000)	(1 264 250)	(1 783 286)	(1 883 150)
GRANTS & SUBSIDIES PAID				
GRANTS - COGTA - LEGAL SUPPORT	-	-	-	-
NAT GR - EQUITABLE SHARE	(96 978 000)	(97 724 000)	(101 663 000)	(105 705 000)
FINANCE MANAGEMENT GRANT (FMG)	(1 250 000)	(1 250 000)	(1 250 000)	(1 505 000)
MUN SYSTEMS IMP GRANT (MSIG)	(930 000)	-	-	(3 123 000)
NAT GR - EPWP INCENTIVE GRANTS	(1 208 000)	(1 120 000)	-	-
NAT GR-RURAL ASSETS MANAGEMENT SYSTEM GR	(2 225 000)	(2 307 000)	(2 422 000)	(2 563 000)
TETA GRANT	(747 250)	-	-	-
SUB-TOTAL GRANTS & SUBS OPERATING	(103 338 250)	(102 401 000)	(105 335 000)	(112 896 000)
OTHER REVENUE				
NON CASH RESERVE (DEPRECIATION 46)	(3 116 587)	(3 272 416)	(3 436 037)	(3 430 254)
TENDER INCOME	(30 000)	(28 500)	-	-
SUNDRY REVENUE - OTHER	(170 000)	(150 000)	-	-
SERVICE SETA GRANT	(1 011 150)	-	-	-
SURPLUS CASH AT YEAR END	(6 516 364)	-	-	-
SUB-TOTAL OTHER REVENUE	(10 844 101)	(3 450 916)	(3 436 037)	(3 430 254)
TOTAL DIRECT OPERATING REVENUE	(116 127 351)	(107 116 166)	(110 554 323)	(118 209 404)
SURPLUS / DEFICIT	-	0	0	(0)